JUNE 1989

FOREST INDUSTRIES

LOGGING/PULPWOOD/FORESTRY/LUMBER/PANELS

EXPO II

High-tech mill makes

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JUNE

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Flexible bandmill focuses on timbers
Union Camp rebuild project in Opelika, Ala., is oriented toward gaining maximum grade recovery. Mill produces high-quality small timbers.

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The Southern Forest Products Assn. will hold its biennial logging and mill equipment show in Atlanta June 8-10. In this special section, we list show exhibitors and highlight some of the equipment that will be on display.

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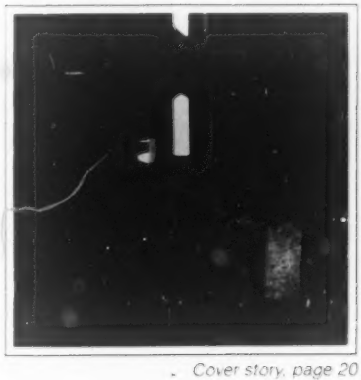

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Corporate earnings up; housing turnaround seen

SAN FRANCISCO, CALIF.—Corporate financial performance during the first quarter of 1989 indicated strength among integrated U.S. producers of forest products, buoyed by sustained high demand for pulp and paper products.

In another important sector of the economy, housing starts continued a spring slide through April but declining mortgage interest rates have revived predictions of an imminent turnaround.

As the adjoining table shows, earnings for many companies increased in double-digit percentage numbers versus the first quarter of 1988.

While solid-wood products contributed little to the quarterly profits of many integrated companies, the news from that sector was not all bad.

Louisiana-Pacific Corp. reported the best first-quarter sales and earnings in its history. L-P derived 84% of its sales and 62% of its operating profit in the first quarter from building products.

Building product demand was active and price levels were firm, noted chairman and president Harry A. Merlo, who also acknowledged record demand and price levels for market pulp.

Decreased reliance on housing markets has helped Boise Cascade Corp.'s wood products business, said chairman and CEO John B. Fery. Boise also turned in a record first quarter; building products represented 21% of sales and 14% of income from operations.

Georgia-Pacific Corp. and Potlatch Corp. reported profits for building products down from first-quarter 1988 despite a slight increase in sales.

Housing starts slip

Meanwhile, the housing slide predicted for this year continues to come true. April figures from the Commerce Department show starts at a seasonally adjusted annual rate of 1.361 million units, down 2.7% from a revised March rate of 1.399 million. The March figure was below February's rate by 4.5%.

The April rate was below that of April 1988 by 13.6%, and the lowest since December 1982. Yet building permits fuel optimism: the annual rate rose 7.2% in April to 1.318 million units after diving 12.3% the month before.

April starts were strongest in single-family homes (up 5.1%) and structures with two to four units (up 33.3%). Larger apartments and condos crashed 29% to the lowest level since June 1982. Actual starts totaled 131,100 units in April, up 13% from the previous month. Mortgage interest rates remain a worry, but recent downward movement in market rates has some analysts looking for a quick turnaround in home building. Others, including most observers close to the industry, are standing by projections in the neighborhood of 1.4 million starts for 1989. ■

U.S., Canadian forest industry results, first quarter 1989 ($ millions)

Company	Sales	% change 1989/88	% change Earnings[1]	1989/88
Abitibi-Price Inc.	C810.0	1.3	C26.3	(40.2)
Boise Cascade Corp.	1,102.2	8.4	78.2	14.2
Canadian Pacific For. Prods	C711.0	(3.4)	C65.1	(12.4)
Canfor Corp.	C202.0	(31.5)	C30.2[2]	4.1
Champion International	1,288.7	1.8	113.5	11.3
Chesapeake Corp.	188.0	16.5	12.9	29.9
Domtar Inc.	C695.0	3.3	C26.0[3]	(29.7)
Federal Paper Board	284.7	16.0	47.1	115.4
Fletcher Challenge Canada	C335.6	(5.8)	C36.1	(20.5)
Georgia-Pacific Corp.	2,447.0	15.7	154.0	45.3
Great Northern Nekoosa	986.4	16.9	93.3	19.2
Int'l Forest Products Ltd.	C85.3	(9.2)	C1.9	(68.3)
International Paper Co.	2,600.0	13.0	223.0	40.3
Louisiana-Pacific Corp.	467.0	12.8	39.9[4]	41.0
MacMillan Bloedel Ltd.	C807.0	1.3	C73.4	(19.9)
Noranda Forest Inc.	C1,200.0	3.4	C58.0[5]	(7.9)
Pope & Talbot Inc.	147.5	27.5	9.4	18.6
Potlatch Corp.	297.4	15.2	35.9	35.5
Slocan Forest Prods. Ltd.	C45.4	(8.0)	C2.0	(45.9)
Stone Container Corp.	1,127.4	27.9	86.8	32.9
Temple-Inland Inc.	462.6	8.7	54.5	19.5
Union Camp Corp.	706.2	9.4	79.7	18.0
Weldwood of Canada Ltd.	C194.4	(6.9)	C16.2	4.5
Westvaco Corp. (1/31)	554.6	10.6	48.7	29.5
Weyerhaeuser Co.	2,321.3	8.6	148.1	29.1
Willamette Industries	437.8	8.2	39.8	(1.4)
WTD Industries Inc. (1/31)	89.2	30.6	0.7	304.5

1. Income after taxes, from continuing operations, excluding most significant nonrecurring items in both years. 2. Net sales reflects equity accounting for 50% interests in Howe Sound Pulp & Paper and Canfor-Weldwood Distribution. 3. Year-ago figures restated to account for sale of a high-pressure laminates business. 4. Year-ago figures restated to reflect spinoff of Fibreboard Corp. in June 1988. 5. Year-ago figures restated for an accounting change.

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SAN FRANCISCO, CALIFORNIA 94105
500 Howard St., (415) 397-1881
Telex: 278273 Cable: Millreepub
Leigh M. Freeman, Publishing Director
Leonard E. Haas, Group Publisher
Wini D. Ragus, Director of Circulation
Andrew A. Mickus, Director of Production
Gwen M. Kibbe, Ad Production Coordinator
Corinne Shulman, Project/Promotion Manager

REGIONAL SALES OFFICES

SAN FRANCISCO, CALIFORNIA 94105
500 Howard St.
(415) 397-1881
Telex: 278273 Fax: (415) 543-0256
William Little, Western Sales Manager
Jan Curcio, Assistant Regional Sales Manager
John Ferrari, Sales Assistant

CHICAGO, ILLINOIS 60601
35 E. Wacker Dr., (312) 372-6238
Bernice Bethel, Sales Assistant

MARIETTA, GEORGIA 30067
2000 Powers Ferry Center, Suite 450
(404) 952-1303 Fax: (404) 933-0666
Jay E. Schlosser, Southern Sales Manager
Mary Anne Thompson, Sales Assistant

LONDON, ENGLAND
Lansdowne Media Services Ltd.
Lansdowne House, 12 Church St.
Rickmansworth, Hertfordshire, UK WD3 1BS
Telephone: 0923-777711
Telex: 28764 LMS LTD G Fax: 0923-721103
David M. Lansdowne
Melissa Thomas, Sales Assistant

B-1180 BRUSSELS, BELGIUM
BWB Media Services
198 Avenue Winston Churchill, Boite 4
Telephone: (02) 347-31-35
Telex: 63546 BWB B Fax: (02) 347-32-06
Brian W. Bussey
Wanda E. Schaar

D-4630 BOCHUM 6, FED. REP. GERMANY
Postfach 600 264
Telephone: 2327-88609 Telex: 820468 EDH
Fax: 2327-89257
Ernst Dieter Hartmann

TOKYO, JAPAN
Orient Echo Inc.
1101 Grand Maison Shimomiyabi-cho 8
Shinjuku-ku, Tokyo 162, Japan
Telephone/Fax: (03) 235-5961 Telex: J33376
Masahiko Yoshikawa

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